MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

BBF2044 – BANK MANAGEMENT

(All sections/Groups)

3 OCTOBER 2023
9.00 A.M. – 11.00 A.M.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 2 pages.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Students are allowed to use non-programmable scientific and financial calculators.
4. Please write all your answers in the Answer Booklet provided.

QUESTION 1

The following information are extracted from Beruang Bank Berhad's Annual Report 2022 ending 31 December:

(Figures are in Ringgit Malaysia (RM))	**2022**	**2021**
Total gross loans, advances and financing at amortised cost	377,674,781	365,134,166
Total gross loans, advances and financing at fair value through profit or loss	357,853	710,235
Expected credit losses	13,323,081	11,934,932

Additional information:

Bank Negara Malaysia issued a statement that with a large proportion of loans on repayment moratorium, the Malaysian banking industry's gross impaired loan (GIL) ratio hit a historical low of 1.38% as at end-September 2022 (end-December 2021: 1.53%).

Required:

(a) Determine and comments on the gross impaired loan (GIL) ratio for Beruang Bank Berhad for 2022 and 2021. (15 marks)

(b) Discuss how Beruang Bank Berhad's gross impaired loan (GIL) ratios for 2022 and 2021 as compared to the Malaysian banking industry's GIL. (5 marks)

(c) Why do you think the Malaysian banking industry's gross impaired loan (GIL) ratios are low in 2021 and 2022. Discuss **FIVE (5)** factors that can contribute to a low GIL ratio. (10 marks)

(Total: 30 marks)

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QUESTION 2

Tongkang Bank Berhad reported that in 2022 their total Tier 1 capital is RM17,026,903 and 2021 it was RM15,787,304. There is an additional Tier I capital after regulatory adjustments of RM399,785 in 2022 and RM399,654 in 2021. Besides, the bank is having Tier II capital in 2022 for a total of RM2,456,765 and RM2,378,416 in 2021. Total risk-weighted assets ("RWA") in 2022 is RM119,527,129 and in 2021 was RM111,821,073.

Required:

(a) Determine the Common Equity Tier 1 (CET1) capital for 2022 and 2021. (10 marks)

(b) Compute the capital adequacy ratios (CAR) on CET1, total Tier 1 capital and total Capital for the bank for 2022 and 2021. (30 marks)

(Total: 40 marks)

QUESTION 3

Most central banks oblige banks and depository institutions to hold minimum reserves against their liabilities, predominantly in the form of balances at the central bank. Besides maintaining reserve account with the central bank, the calculation of the reserve also takes into consideration high-quality liquid assets held by the banks. Elaborate your understanding on banks' reserves requirements.

(Total: 10 marks)

QUESTION 4

Banks use the Six Cs assessment model to approve loans, set the loan rates and loan terms. Describe how do banks assess the capacity and conditions relating to a corporate borrower.

(Total: 20 marks)

End of Paper